



Department of Justice

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The Department of Justice announced today that it has filed a civil complaint challenging the acquisition by the Rice Growers Association of California of assets of Pacific International Rice Mills, Inc.

Attorney General William French Smith said that the lawsuit was filed in U.S. District Court in Sacramento, California.

J. Paul McGrath, Assistant Attorney General in charge of the Antitrust Division, said the complaint alleges that the acquisition would violate Section 7 of the Clayton Act by substantially lessening competition in the purchase, milling, and sale of short- and medium-grain rice grown in California.

RGA, the largest rice mill operator in California, is an agricultural cooperative with headquarters in West Sacramento. It operates three rice mills in the Sacramento Valley. PIRMI, the third largest rice mill operator in California, is headquartered in, and operates two rice mills in, Woodland, California, a community located in the Sacramento Valley.

Rice is grown commercially in only two areas of the United States: California's Central Valley and the Southern Rice Belt, an area including parts of Texas, Louisiana, Arkansas, Mississippi and

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Missouri. The purchase, milling, and sale of California-grown rice already are concentrated, with the four largest California rice mill operators accounting for over 95 percent of industry sales.

In 1982 the fourth largest California rice miller, Comet of California, a division of Early California Industries, Inc., dropped its plans to purchase PIRMI's California operations after the Justice Department announced its intention to file suit if the transactions proceeded.

The complaint against RGA and PIRMI requests that the court adjudge the acquisition unlawful and order the parties to rescind the transaction and restore PIRMI to its position as an independent competitor in the California rice milling industry. In addition, the complaint requests that the court bar acquisition by PIRMI or RGA of any competitor's stock or assets for a period of 10 years.

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